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Arizona Corporation Commission
DOCKETED

FEB 7 2017

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR A HEARING TO
DETERMINE THE FAIR VALUE OF THE
UTILITY PROPERTY OF THE COMPANY
FOR RATEMAKING PURPOSES, TO FIX
A JUST AND REASONABLE RATE OF
RETURN THEREON, AND TO APPROVE
RATE SCHEDULES DESIGNED TO
DEVELOP SUCH RETURN.

DOCKET NO. E-01345A-16-0036

DOCKET NO. E-01345A-16-0123

**WAL-MART STORES, INC.'S AND
SAM'S WEST, INC.'S NOTICE OF
ERRATA IN FILING THE DIRECT
TESTIMONY OF GREGORY W.
TILLMAN AND CHRIS HENDRIX
(RATE DESIGN)**

Wal-Mart Stores, Inc. and Sam's West, Inc. (collectively, "Wal-Mart"), hereby submits this Notice of Errata regarding the filing of Gregory W. Tillman and Chris Hendrix's direct testimony (rate design). Chart 1: Relative Rates of Return Movement from Present to Proposed Rates on page 9 of the Direct Testimony (Rate Design) and Exhibits of Gregory W. Tillman did not print clearly. A clear copy of Page 9 is attached hereto. Also, the Direct Testimony (Rate Design) and Exhibits of Gregory W. Tillman should be dated February 3, 2017 and not February 3, 2016 and the header on the testimony should read "Rate Design", as corrected on page 9.

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1 Dated this 7th day of February, 2017.

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3 HIENTON & CURRY, P.L.L.C.

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6 By


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13 ORIGINAL and 13 copies filed
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14 Docket Control
15 Arizona Corporation Commission
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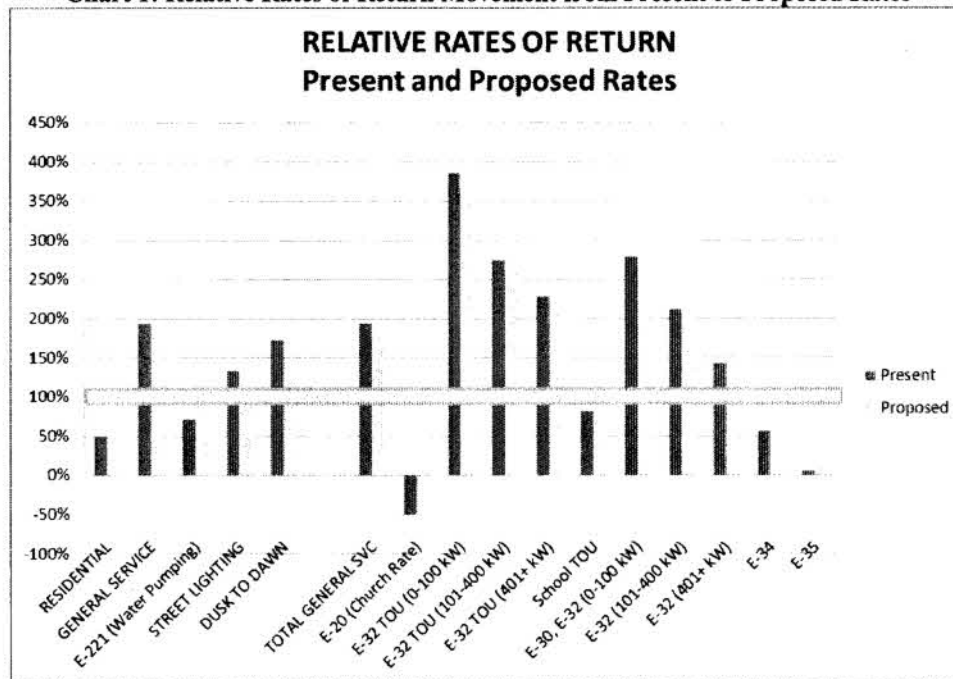
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Chart 1: Relative Rates of Return Movement from Present to Proposed Rates



For the residential and GS classes, the movement to cost is minimal and does not substantially address existing subsidies. *See Id.*

Q. DOES THE COMPANY'S PROPOSED ALLOCATION RESULT IN EXCESSIVE INTER-CLASS SUBSIDIES?

A. In my opinion, the resulting subsidies are excessive. Based on the proposed cost of service and revenue allocation, the subsidy to the residential class is \$152.8 million, a discount of about 8 percent relative to cost. The primary burden of this subsidy falls on the General Service ("GS") class and totals \$153.3 million, 12 percent above its cost. Further examination of how these subsidies are spread to each GS sub-class reveals subsidy burdens as high as 38% above cost. *See Exhibit GWT-RD-2.*